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FM THE SITUATION ROOM//TOHAK05//

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T O P S E C R E T SENSITIVE CONTAINS CODEWORD VIA BLACK PATCH WH43629

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MEMORANDUM FOR SECRETARY KISSINGER

FROM: THE SITUATION ROOM

SUBJECT: NOON NOTES

YAMANI HINTS AT DEFERRED PAYMENT PLAN: SAUDI ARABIAN OIL MINISTER AHMED ZAKI YAMANI HAS HINTED THAT THE OIL PRODUCING COUNTRIES MIGHT IN THE FUTURE ACCEPT DEFERRED PAYMENT FOR THEIR CRUDE OIL. IN THE TEXT OF A SPEECH PUBLISHED IN BEIRUT TODAY BY THE MIDDLE EAST ECONOMIC SURVEY, YAMANI SAID SOLUTIONS TO PROBLEMS OF SURPLUS FUNDS IN THE HANDS OF OIL PRODUCERS AND PAYMENTS DEFICITS FOR OIL CONSUMERS CAN BE FOUND IN TALKS BETWEEN THE TWO SIDES. FOR EXAMPLE, IT MAY BE POSSIBLE FOR PRODUCING COUNTRIES TO ACCEPT PAYMENT FOR A CONSIDERABLE PORTION OF THEIR OIL, SAY 25 PERCENT, ON A LONG-TERM BASIS, YAMANI SAID. THE SURVEY, WHICH USUALLY ACCURATELY REFLECTS THE SAUDI MINISTER'S THINKING, COMMENTED THAT YAMANI PRESUMABLY MEANT A DEFERRED PAYMENT BASIS. UNDER SUCH A SOLUTION, THE PUBLICATION SAID, THE ALLOWED PORTION OF DEFERRED PAYMENT WOULD BE VARIED UP OR DOWN IN LINE WITH THE PURCHASING COUNTRY'S ECONOMIC STRENGTH AND ABILITY TO PAY. YAMANI'S SPEECH WAS GIVEN TO A GROUP OF PROFESSORS AND BUSINESSMEN IN ZURICH ON DECEMBER 10.

ETHIOPIAN SITUATION: EMBASSY ADDIS ABABA REPORTED DECEMBER 20 THAT TWO WELL PLACED ETHIOPIAN OFFICIALS HAVE GIVEN REASSURANCES THAT THE REGIME DESIRES TO CONTINUE ITS PRESENT RELATIONS WITH THE U.S. ONE SOURCE, A VICE MINISTER IN THE FOREIGN MINISTRY REFERRING TO AN EARLIER CONVERSATION, TOLD OUR CHARGE HE HAD RECENTLY DISCUSSED US-ETHIOPIAN RELATIONS WITH A "VERY INFLUENTIAL" MEMBER OF THE MILITARY RULING GROUP WHO AUTHORIZED HIM TO STATE THAT THE REGIME HAS NO INTENTION WHATSOEVER OF SWITCHING TO THE SOVIET UNION AS AN ARMS SUPPLIER UNLESS THE U.S. FAILS TO PROVIDE ETHIOPIA WITH ITS MILITARY DEFENSE NEEDS. IN A SIMILAR VEIN, ON DECEMBER 19, THE MINISTER OF DEFENSE CALLED IN THE THREE AMERICAN ATTACHES FOR INITIAL CONVERSATIONS. HE EMPHASIZED THAT HIS GOVERNMENT DESIRES FRIENDLY RELATIONS WITH THE U.S. HE SAID THERE HAD BEEN MUCH

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SPECULATION REGARDING THE BASIC POLICIES OF THE NEW GOVERNMENT BUT THAT WE COULD BE CONFIDENT THAT THEY WOULD BE MODERATE. FINALLY, THE EMBASSY NOTES THESE REASSURANCES STAND IN SHARP CONTRAST TO RECENT CONSPICUOUS REPLACEMENT OF USIS MATERIALS IN THE PRESS BY ARTICLES EXTOLING THE SOVIET UNION, CHINA, CUBA AND YUGOSLAVIA. (H0RAN)

WITHDRAWAL FROM SHAPE IS TO BE COMPLZVZG BY LATE FEBRUARY: ATHENS HAS INFORMED NATO THAT IT IS PREPARED TO BEGIN NEGOTIATIONS ON DISENGAGEMENT OF ITS MILITARY FORCES FROM THAT ORGANIZATION. THE GOVERNMENT HAS ALSO REPORTEDLY TOLD A GREEK REPRESENTATIVE TO SHAPE THAT WITHDRAWAL OF GREECE'S NATIONAL MILITARY REPRESENTATION TO SHAPE IS TO BEGIN IN LATE JANUARY. ALL GREEK MILITARY PERSONNEL ASSIGNED TO ALLIES FORCES SOUTHERN EUROPE IN NAPLES ARE ALSO TO BE WITHDRAWN AT THE SAME TIME. THE GREEK GOVERNMENT, HOWEVER, PLANS TO MAINTAIN A LIASON BUREAU CONSISTING OF FOUR OR FIVE OFFICERS AT SHAPE.

DIA REPORTS THAT THIS LATEST MOVE IS IN ACCORDANCE WITH A GREEK ARMED FORCES HEADQUARTERS MEMORANDUM OF OCTOBER RECOMMENDING PROCEDURES FOR WITHDRAWAL FROM NATO. OTHER ACTIONS OUTLINED AT THAT TIME INCLUDE THE ISSUING OF THREE MEMORANDA BY THE PRIME MINISTER -- ONE ADDRESSED TO THE HEADS OF ALLIED GOVERNMENTS AND THE OTHER TWO TO THE U.S. AND UK -- DISCUSSING DETAILS OF WITHDRAWAL, FUTURE RELATIONS, AND BASES IN GREECE. THE MEMORANDUM ALSO STATED THAT NATO PERSONNEL STATIONED IN GREECE WILL BE WITHDRAWN AND THAT CHIEF OF GREEK ARMED FORCES GENERAL ARBOUZIS WILL SEND A LETTER OF GOODWILL TO SACEUR INDICATING WILLINGNESS TO DISCUSS "MATTERS OF MUTUAL INTEREST" WITH NATO. THE REPORTED DEPARTURE FROM SHAPE IN EARLY 1975 IS PROBABLY AN EFFORT TO APPEASE LEFTISTS WHO ARE INSISTING ON IMPLEMENTATION OF THE ANNOUNCED MILITARY WITHDRAWAL. ATHENS ALSO INTENDS TO DISCUSS BASE RIGHTS WITH THE U.S. AND UK. THESE DISCUSSIONS WILL PROBABLY BEGIN AFTER MUTUAL WITHDRAWAL OF NATO PERSONNEL BUT BEFORE CONCLUDING THE DISENGAGEMENT AND MUTUAL INTEREST DISCUSSIONS.

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